GOVERNMENT OF INDIA
FINANCE
LOK SABHA

STARRED QUESTION NO:294
ANSWERED ON:12.08.2005
REGIONAL RURAL BANKS
Khan Shri Mohammad Tahir;Shahid Shri Mohammed

Will the Minister of FINANCE be pleased to state:

(a) whether the Regional`Rural Banks are being prunned by the Government as reported in the `Dainik Jagran` dated the June 4,2005;

(b) if so, the details thereof alongwith the reasons therefor ;

(c) whether all the State Governments have given thesir consent to it ;

(d) if so, the details thereof ;

(e) the basis on which the number-of banks has been prescribed in the rural areas alongwith the extent of rural area within which a bank is proposed to be set up;

(f) whether any survey has been conducted in this regard;

(g) if so, the details thereof; and

(h) the time by which this exercise is likely to be completed?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE (S.S.PALANIMANICKAM)

(a) to h) : A Statement is laid on the Table of the House.

Statement referred to in reply to parts (a) to (h) of the Lok Sabha Starred Question No. 294 for 12th August 2005 regarding Regional Rural Banks tabled by Shri Mohd. Tahir & Mohd. Shah id:

(a) to (d) : The Government has initiated a process for amalgamation of Regional Rural Banks(RRBs) sponsored by the same Public Sector Bank within a State. This is expected to result in expanded coverage of geographical areas, improved outreach, reduction in administrative and operational costs, economies of scale, greater scope for technological upgradation, better deployment of staff and introduction of new services. In the first phase 5 RRBs in the State of Uttar Pradesh, 3 in Punjab , 6 in Gujarat, 3 in Maharashtra, 2 in Tamil Nadu and 4 in Karnataka (totaling 23) have been considered for amalgamation. The proposal for amalgamation is considered only after obtaining the concurrence of the concerned State Government.

(e) : Section 3(i) of RRB Act, 1976 empowers the Central Government to establish Regional Rural Banks in States or Union Territiories. The Central Government is also empowered to specify the local limits within which each Regional Rural Bank shall operate. Opening of branches by RRBs is governed by the provisions of Section 23 of the Banking Regulation Act, 1949. It is left to the discretion of the banks to identify the locality/center for opening new bank branches. The Banks decide on the location of branches after taking into consideration factors such as business potential, viability, infrastructure, security etc.

(f): No, Sir.

(g) & (h): Do not arise.